

Minutes of the meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System held Wednesday, January 23, 2013 at the hour of 10:00 A.M., at 1900 West Polk Street, in the Second Floor Conference Room, Chicago, Illinois.

## **I. Attendance/Call to Order**

Chairman Muñoz called the meeting to order.

Present: Chairman Luis Muñoz, MD, MPH and Director Dorene P. Wiese, EdD (2)

Present

Telephonically: Gerald Bauman (non-Director Member)

Absent: Director Reverend Calvin S. Morris, PhD (1)

Chairman Muñoz stated that Gerald Bauman was unable to be physically present, but would like to participate in the meeting telephonically.

Director Wiese, seconded by Chairman Muñoz, moved to allow Gerald Bauman to participate in this meeting telephonically. THE MOTION CARRIED UNANIMOUSLY.

Mr. Bauman indicated his presence telephonically.

Additional attendees and/or presenters were:

Cathy Bodnar – System Chief Compliance and Privacy Officer  
John Cookinham – System Chief Financial Officer  
Scott Ellis - System Information Security Officer  
Tim Heinrich – McGladrey & Pullen, LLP  
Pat Kitchen – McGladrey & Pullen, LLP

Natasha Lafayette-Jones – Director of Health Information Management  
Elizabeth Reidy – System General Counsel  
Deborah Santana – Secretary to the Board  
Thomas Schroeder – System Director of Internal Audit  
Diane Willard – Compliance Officer

## **II. Public Speakers**

Chairman Muñoz asked the Secretary to call upon the registered speakers.

The Secretary called upon the following registered speaker:

1. George Blakemore Concerned Citizen

## **III. \*\*Report from System Corporate Compliance Officer (Attachment #1)**

### **A. Activity Report**

Cathy Bodnar, System Corporate Compliance and Privacy Officer, presented her report containing the fiscal year-end Corporate Compliance Report on Reactive Issues, status update on proactive Compliance work plan projects, and update on accounting of disclosures and Conflict of Interest Policy. The Committee reviewed and discussed the information.

**III. \*\*Report from System Corporate Compliance Officer (continued)**

The fiscal year-end Corporate Compliance Report on Reactive Issues included information on the following subjects: Reactive Issue Count; FY2012 Issue County by Category; Fiscal Year Comparison; and Status Report of Issues.

Included in the update on proactive Compliance work projects was information on the following subjects: Compliance Education; Monitoring and Auditing Activity; Monitoring Professional Coding; Professional Coding Statistics; and Monitoring Facility/Technical Coding.

Chairman Muñoz inquired further regarding the Health Insurance Portability and Accountability Act (HIPAA)-related proactive issues, as they relate to security and access measures. Ms. Bodnar stated that they are seeing more of those that are related to electronic access; she added that Corporate Compliance and Information Technology work closely on these matters.

Scott Ellis, System Information Security Officer, provided additional information regarding ongoing activities to review and strengthen security measures and access controls. He stated that there are a number of things that are in the works right now to better align the System's security program with industry practices and standards. There are a number of projects or improvements that are in the works that are purchase-based, that have been outstanding for the last couple of years – there is a hope that in this fiscal year, funding will be secured for these. Mr. Ellis indicated that he has prepared a complete presentation that demonstrates what it will take to get the System's security program to where it needs to be. Chairman Muñoz requested that this presentation be made at the next Committee Meeting.

With regard to the information provided on disclosures and the Conflict of Interest Policy, Ms. Bodnar noted that the survey tool for the annual Conflict of Interest Questionnaire will be rolled out in February to those individuals with decision-making capacity as part of their role. She noted that it will somewhat overlap the Statement of Economic Interest that the County requires to be completed; she added that the Conflict of Interest Questionnaire does not take the place of the County's form – both forms are required to be completed annually. She indicated that she would provide a brief update on the subject to the full Board of Directors at the meeting on February 1, 2013.

Diane Willard, Compliance Officer, reviewed some of the information provided regarding monitoring and auditing activities.

During the discussion of the information regarding monitoring of coding, a question arose regarding the differences between professional fee coding and facility/technical fee coding. For professional fees, coding is performed and monitored by staff from McKesson, who is an external vendor. For facility/technical coding, this is performed internally; their monitoring work has been contracted out to another external vendor.

In response to a question regarding whether the System is looking to monitor coders for facility/technical coding, similar to McKesson's practices, Natasha Lafayette-Jones, Director of Health Information Management (HIM), responded affirmatively. She indicated that what is in place with the external vendor is the start phase, which began with the review of the Emergency Room records (as reflected in the report on page 14). The goal for the coding area is to have monitoring performed quarterly through a retrospective review; the long-term goal is to move to concurrent reviews. Chairman Muñoz requested that a report with an update and additional information be provided at the next Committee Meeting. Ms. Lafayette-Jones responded that the external monitor is currently working on reviewing the inpatient accounts from that same time period; she will present that information at the next meeting of the Committee.

**IV. \*\*Report from System Director of Internal Audit** (Attachment #2)

**A. Activity Report**

Tom Schroeder, System Director of Internal Audit, provided an overview of the 2013 Proposed Internal Audit Plan. The Committee reviewed and discussed the information.

**V. Recommendations, Discussion/Information Item**

**A. Update from McGladrey & Pullen, LLP on FY2012 Audit activities** (Attachment #3)

The following representatives from McGladrey & Pullen, LLP, provided an update on activities relating to the FY2012 Audit activities: Pat Kitchen, Partner; and Tim Heinrichs, Director. The Committee reviewed and discussed the information.

Information reviewed in their update included the following: Required Communications Letter; Audit Approach and Plan; Significant Risk/Focus Areas; Audit Timetable; and Audit Progress.

Chairman Muñoz stated that last year's audit was completed by May 31<sup>st</sup>; he inquired whether this year's audit is expected to be completed in the same timeframe. Mr. Heinrich responded affirmatively.

**VI. Action Items**

**A. Minutes of the Audit and Compliance Committee Meeting, September 11, 2012**

Director Wiese, seconded by Chairman Muñoz, moved to accept the minutes of the Audit and Compliance Committee Meeting of September 11, 2012. THE MOTION CARRIED UNANIMOUSLY.

**B. Any items listed under Sections VI and VII**

**VII. Closed Session Items**

**A. \*\*Report from System Corporate Compliance Officer**

**B. \*\*Report from System Director of Internal Audit**

**C. Discussion of Personnel Matters**

Director Wiese, seconded by Chairman Muñoz, moved to recess the regular session and convene into closed session, pursuant to the following exceptions to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding "the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity," and 5 ILCS 120/2(c)(28), regarding "meetings between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America." THE MOTION CARRIED UNANIMOUSLY.

**VII. Closed Session Items (continued)**

Chairman Muñoz declared that the closed session was adjourned. The Committee reconvened into regular session.

**VIII. Adjourn**

As the agenda was exhausted, Chairman Muñoz declared the meeting ADJOURNED.

Respectfully submitted,  
Audit and Compliance Committee of the  
Board of Directors of the  
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Luis Muñoz, MD, MPH, Chairman

Attest:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Deborah Santana, Secretary

Cook County Health and Hospitals System  
Audit and Compliance Committee Meeting Minutes  
January 23, 2013

ATTACHMENT #1

# Corporate Compliance Report

Cathy Bodnar, MS, RN, CHC  
Chief Compliance & Privacy Officer

January 23, 2013

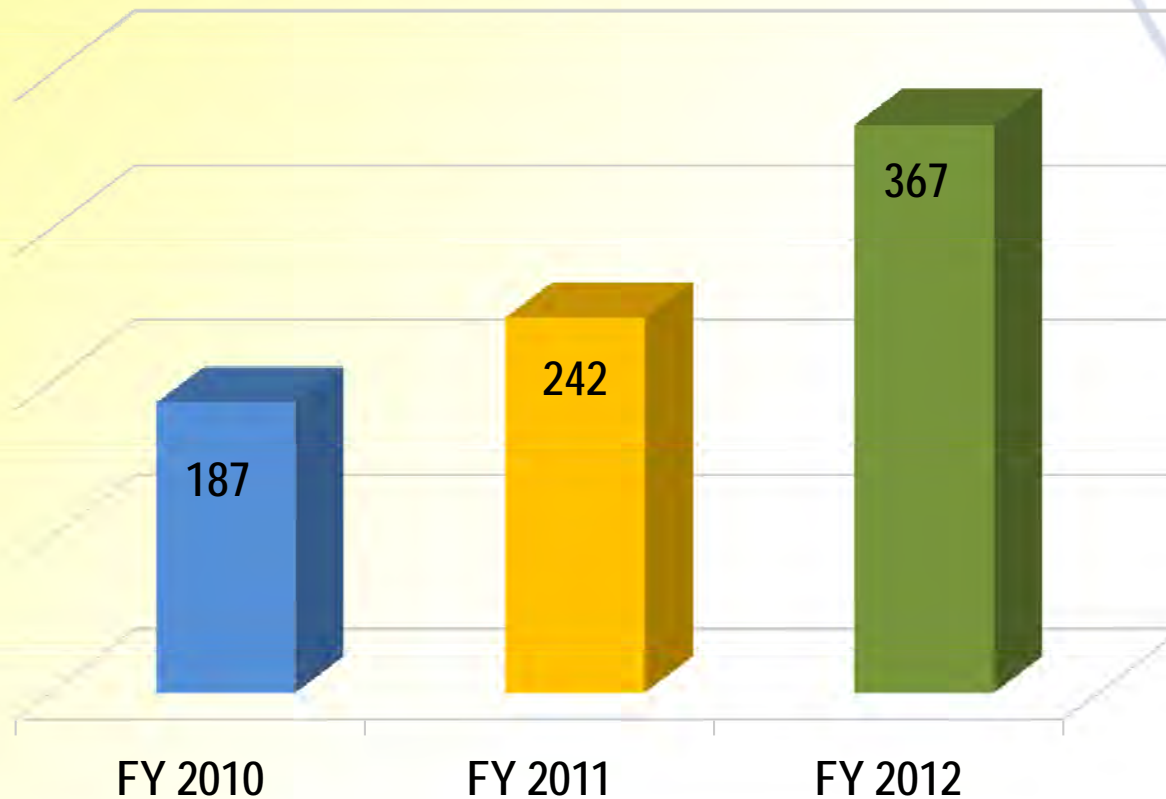


# Meeting Objectives

- To file the fiscal year-end Corporate Compliance report on reactive issues.
- To communicate the status of proactive compliance work plan projects.

# Reactive Issue Count

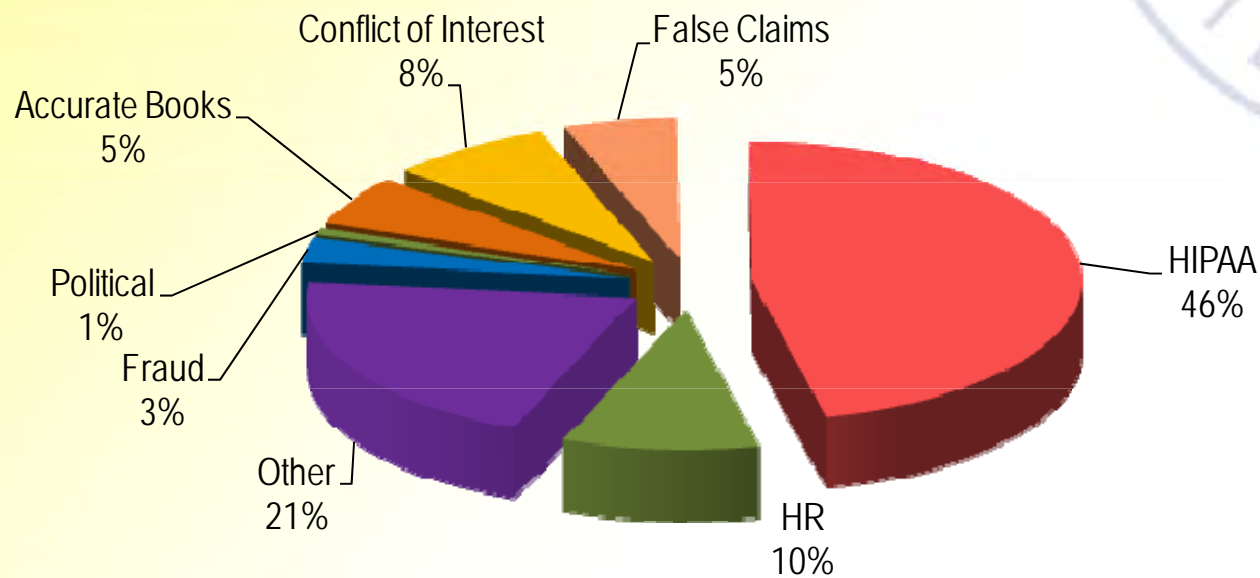
Fiscal Year to Fiscal Year Comparison





# FY 2012 Issue Count by Category

367 Issues Opened in Fiscal Year 2012

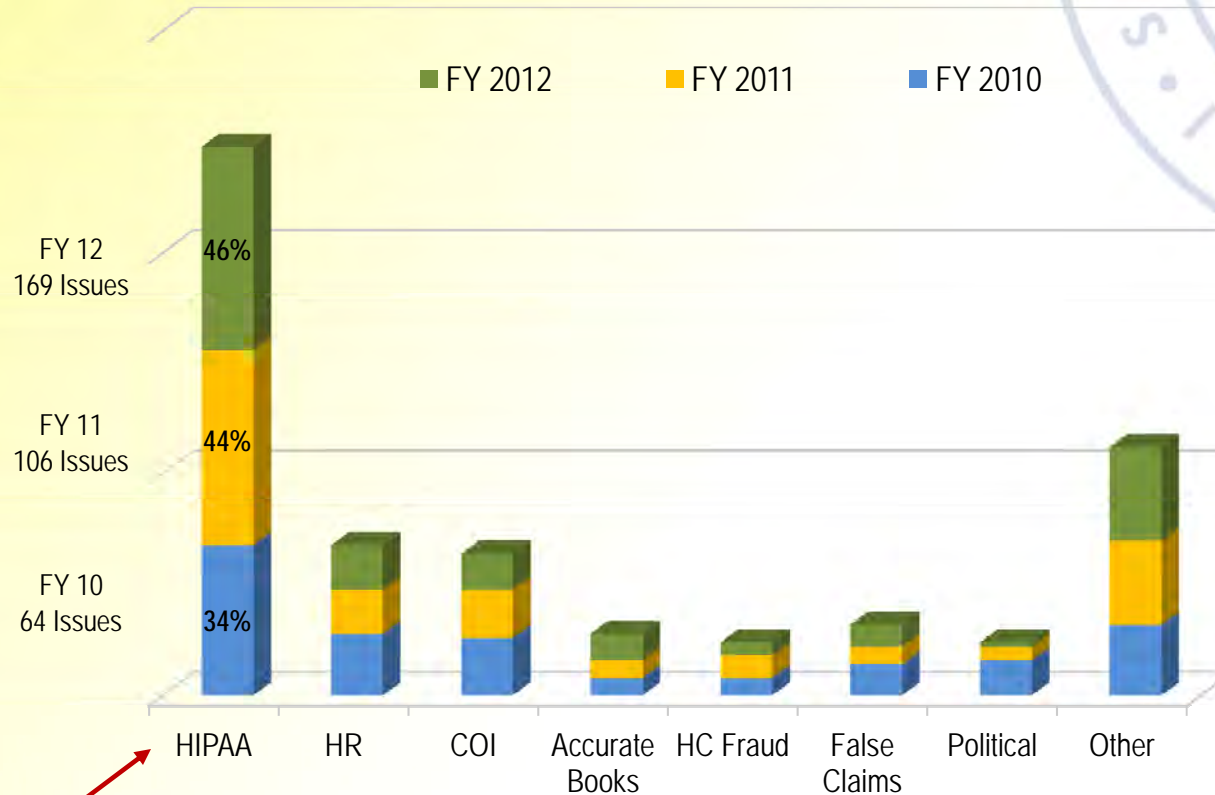


## Actual Counts

|                      |     |                |    |                    |    |
|----------------------|-----|----------------|----|--------------------|----|
| Privacy (HIPAA)      | 169 | Accurate Books | 21 | Theft              | 4  |
| Human Resources      | 35  | False Claims   | 20 | Political Activity | 3  |
| Conflict of Interest | 29  | HC Fraud       | 11 | Other              | 75 |



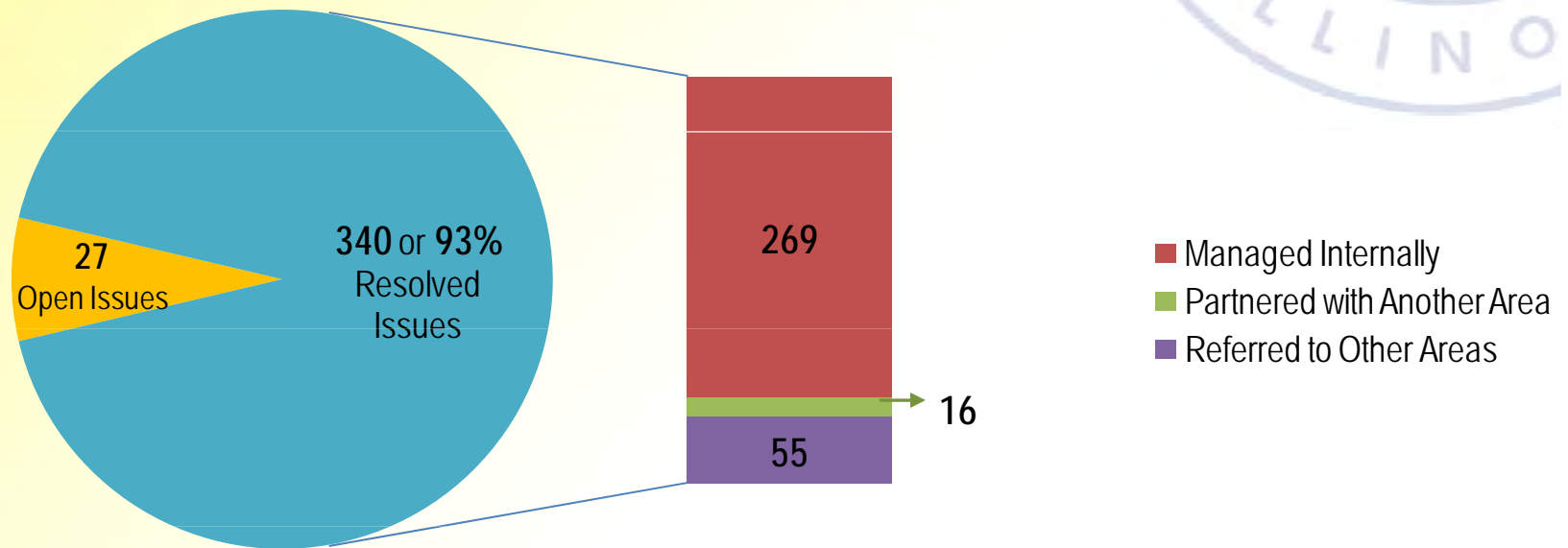
# Fiscal Year Comparison



Patient Privacy, Confidentiality and Security are consistently top issues; Corporate Compliance addresses on an ongoing basis.

# Status Report of Issues

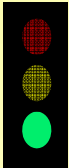
Of the 367 reactive issues brought forth in FY 2012, 27 issues remained open at close of the fiscal year (this shall be carried over in FY 2013).



Of the 340 resolved issues, 16% or 55 issues were referred outside of Corporate Compliance.

# Work Plan Status (Proactive)

## FY 2012 Goals - Complete

- 
- 1) Serve as a resource to all our patients, our staff, and the public at large.
  - 2) Continue to investigate and resolve complaints brought to the attention of the Program.
  - 3) Continue to develop policies and work with operations to promote compliance.
  - 4) Work closely with operational leadership to improve compliance culture within the organization.
  - 5) Partner with operations to implement solutions aimed at identifying and resolving preventable risks.
  - 6) Deploy system-wide annual compliance education using an Electronic Learning Management System.

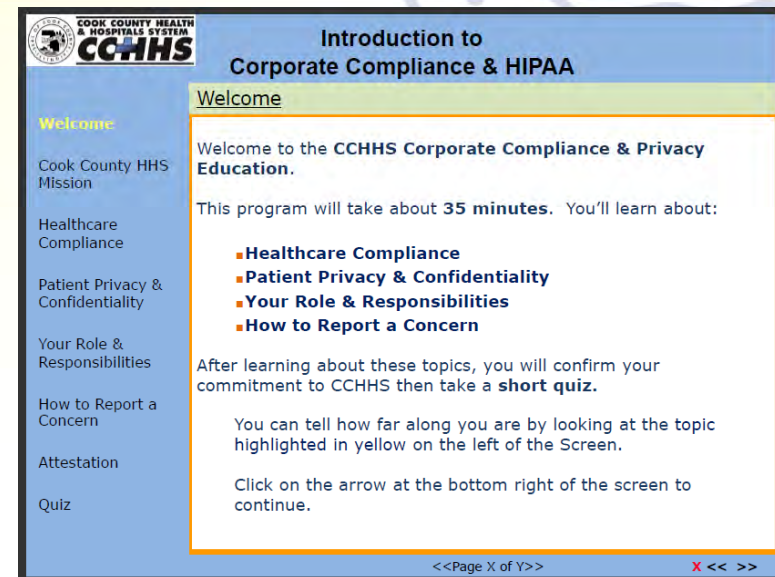


# Compliance Education

Completion rate for Corporate  
Compliance & HIPAA 2012  
annual training is

98%

or  
5,727 of 5,847  
CCHHS employees





# Work Plan (continued)

## FY 2012 Goals-In Process

- 7) Deploy system-wide conflict of interest data collection tool for annual attestation and reporting changes throughout the year.

Accounting of Disclosures - Workforce

Welcome

Transparency is a critical component to our mission as a public, safety-net health provider. We are steadfastly dedicated to serve our community, this includes our professional and business activities. The purpose of this disclosure process is to identify activities that may create actual conflicts or have the appearance of conflicts and implement safeguards. Our ultimate goal is to protect the interests and assets of Cook County Health and Hospitals System, the people who seek health services through our System, the County of Cook, the taxpayers of Cook County, and the public at large.

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COOK COUNTY HEALTH & HOSPITALS SYSTEM  
**CCHHS**



# Work Plan (*continued*)

## FY 2012-In Process



- 8) Continue to perform proactive auditing and monitoring for healthcare services, in both professional and facility/technical areas, patient privacy and confidentiality, and policy compliance. At CCHHS coding includes two types professional and facility/technical.

### Definitions

Monitoring – a continual process to assess performance and adherence to policies to assure or improve activity; usually managed through operations.

Auditing – a formal, disciplined methodology to evaluate a process; managed independently of operations.

### Dual Goals

Monitoring and Auditing assesses operational effectiveness and provides an organizational risk assessment.

# Work Plan *(continued)*

## Monitoring and Auditing Activity

- Medical coding translates documentation found within the medical record into numeric or alphanumeric designations.
- The designation is detailed to describe the symptom, disease, injury, and/or procedure.

Monitoring and Auditing is utilized to identify areas of strengths and weaknesses by:

- Evaluating documentation in the medical for specificity, and timeliness.
- Validating coding quality and accuracy based on documentation within the medical record.
- Reviewing coding processes and work flow.









# Monitoring Professional Coding

## Externally Performed by McKesson

- Retrospective reviews are performed quarterly.
- All staff performing CCHHS coding are reviewed.
- Thirty (30) patient records are selected.
- The records reviewed reflect a range of services.
- Performance is scored utilizing the following table:

| Accuracy Levels  | Scoring       |             | Remediation   |
|--|---------------|-------------|---|
|  | CPT/Modifiers | ICD-9-CM    |   |
| Minimum Standard   | 95%           | 95%         |   |
| Green   | 95 - 100%     | 95 - 100%   | Feedback on errors  |
| Yellow  | 90 - 94.99%   | 90 - 94.99% | Feedback; if no improvement in 3 quarters - corrective action plan.   |
| Orange  | 85 - 89.99%   | 85 - 89.99% | Corrective action plan with customized training to address weaknesses. Corrective actions become more focused with increasing levels of monitoring until improvement. |
| Red     | Below 85%     | Below 85%   | Monitoring all coding. Corrective action plan with customized training to address weaknesses. If no improvement, removed from production.                             |



# Professional Coding Statistics

| Quarter 3 - July - September 2012 |               |          |   |
|-----------------------------------|---------------|----------|---|
| Coder                             | CPT/Modifiers | ICD-9-CM | Action  |
| 1                                 | 97.7%         | 93.1%    | Feedback; ongoing monitoring                        |
| 2                                 | 83.3%         | 99.2%    | Remediation; 100% monitoring resulted in 90% score. |
| 3                                 | 93.0%         | 95.0%    | Feedback; ongoing monitoring                        |
| 4                                 | 93.0%         | 96.0%    | Feedback; ongoing monitoring                        |
| 5                                 | 93.5%         | 99.2%    | Feedback; ongoing monitoring                        |
| 6                                 | 90.0%         | 93.3%    | Feedback; ongoing monitoring                        |
| 7                                 | 90.4%         | 97.3%    | Feedback; ongoing monitoring                        |
| 8                                 | 100.0%        | 98.0%    | Feedback; ongoing monitoring                        |
| 9                                 | 93.0%         | 99.6%    | Feedback; ongoing monitoring                        |
| 10                                | 100.0%        | 100.0%   | NA  |
| 11                                | 93.3%         | 99.2%    | Feedback; ongoing monitoring                        |
| 12                                | 86.7%         | 86.7%    | Feedback; monitor during 4th quarter                |
| 13                                | 43.3%         | 88.3%    | Coder removed from production                       |
| 14                                | 93.3%         | 100.0%   | Feedback; ongoing monitoring                        |
| 15                                | 90.0%         | 95.0%    | Feedback; ongoing monitoring                        |
| 16                                | 90.0%         | 100.0%   | Feedback; ongoing monitoring                        |
| 17                                | 73.0%         | 85.0%    | Remediation; 100% monitoring resulted in 90% score. |
| 18                                | 86.7%         | 96.7%    | Feedback; monitor during 4th quarter                |
| 19                                | 93.3%         | 100.0%   | Feedback; ongoing monitoring                        |
| 20                                | 96.7%         | 96.7%    | Feedback; ongoing monitoring                        |
| 21                                | 100.0%        | 96.0%    | Feedback; ongoing monitoring                        |
| 22                                | 50.0%         | 78.7%    | Coder removed from production                       |
| 23                                | 64.0%         | 91.0%    | Coder removed from production                       |
| 24                                | 50.0%         | 90.0%    | Coder removed from production                       |
| 25                                | 60.0%         | 86.0%    | Coder removed from production                       |
| 26                                | 96.8%         | 98.4%    | Feedback; ongoing monitoring                        |
| 27                                | 96.7%         | 100.0%   | Feedback; ongoing monitoring                        |
| 28                                | 95.5%         | 100.0%   | Feedback; ongoing monitoring                        |



# Monitoring Facility/Technical Coding

## Externally Performed by Vendor Reviewing CCHHS Coding Staff

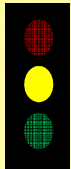
- A random sample of 1,006 Emergency Room records were reviewed.
- The sample assessed 3<sup>rd</sup> and 4<sup>th</sup> Quarter data for FY 2011.
- The external vendor noted the industry benchmark for coding accuracy to be 95%.

## Facility/Technical Monitoring Statistics

| Accuracy Levels       | Scoring             |           |           |
|-----------------------|---------------------|-----------|-----------|
|                       | Principal Diagnosis | E&M Level | Procedure |
| Industry Benchmark    | 95%                 | 95%       | 95%       |
| Emergency Room Record | 76%                 | 89%       | 88%       |

# Work Plan (*continued*)

## FY 2012 Goals-Delayed



- 9) Implement System record retention policy and procedure.

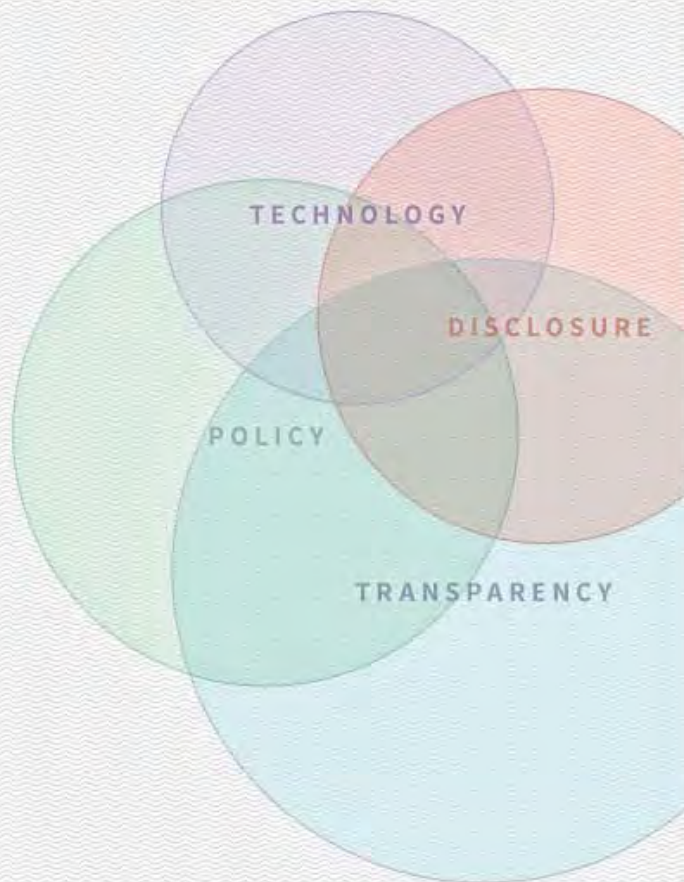
Policy - complete in June 2012

Procedure - delayed

- 10) Publish and distribute updated Standards of Conduct.

Draft completed





## Welcome

Transparency is a critical component to our mission as a public, safety-net health provider. We are steadfastly dedicated to serve our community, this includes our professional and business activities. The purpose of this disclosure process is to identify activities that may create actual conflicts or have the appearance of conflicts and implement safeguards. Our ultimate goal is to protect the interests and assets of Cook County Health and Hospitals System, the people who seek health services through our System, the County of Cook, the taxpayers of Cook County, and the public at large.

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**COOK COUNTY HEALTH  
& HOSPITALS SYSTEM**  
**CCHHS**

**Category:**

**Current Ownership or Investment Interest (Self)**

1. In calendar year 2012, did **you** have any Ownership or Investment Interest<sup>1</sup> in an Organization<sup>2</sup> that falls into one of the following categories (check all that apply)?

- ☐ An Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?
- ☐ An Organization<sup>2</sup> that sponsors your research?
- ☐ An Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **CHECKED**, then please identify:

- organization:
  - interest:
  - dollar amount:
  - value of interest:
  - terms of interest:
- 

**Category:**

**Current Ownership or Investment Interest (Immediate Family Members)**

2. To the best of your knowledge, in calendar year 2012, did your Immediate Family Members<sup>3</sup> have any Ownership or Investment Interest<sup>1</sup> in an Organization<sup>2</sup> that falls into one of the following categories (check all that apply)?

- ☐ An Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?
- ☐ An Organization<sup>2</sup> that sponsors their research?
- ☐ An Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **CHECKED**, then please identify:

- your relationship to the family member:
  - organization:
  - interest:
  - dollar amount:
  - value of interest:
  - terms of interest:
- 

**Category:**

**Future Ownership or Investment Interest (Self)**

3. Do **you** plan to have any Ownership or Investment Interest<sup>1</sup> in an Organization<sup>2</sup> that falls into one of the following categories (check all that apply)?

- ☐ An Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?
- ☐ An Organization<sup>2</sup> that sponsors your research?
- ☐ An Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **CHECKED**, then please identify:

- organization:
- 

**Category:**

**Future Ownership or Investment Interest (Immediate Family Members)**

4. To the best of your knowledge, do you know of any future Ownership or Investment Interest<sup>1</sup> by any of your Immediate Family Members<sup>3</sup> in an Organization<sup>2</sup> that falls into one of the following categories (check all that apply)?

- ☐ An Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?
- ☐ An Organization<sup>2</sup> that sponsors their research?
- ☐ An Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **CHECKED**, then please identify:

- your relationship to the family member:
- organization:

**Category:**

**Service on Boards of Directors and Other Fiduciary Relationships (Self)**

5. In calendar year 2012, did you serve in a fiduciary capacity, such as a board member/director, officer, or trustee, for any of the following (check all that apply):

- ☐ An Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?
- ☐ An Organization<sup>2</sup> that sponsors your research?
- ☐ An Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **CHECKED**, please identify:

- Organization<sup>2</sup>
  - Your position within the Organization<sup>2</sup>
- 

**Category:**

**Service on Boards of Directors and Other Fiduciary Relationships (Immediate Family Members)**

6. In calendar year 2012, did any of your Immediate Family Members<sup>3</sup> serve in a fiduciary capacity, such as a board member/director, officer, or trustee, for any of the following (check all that apply):

- ☐ An Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?
- ☐ An Organization<sup>2</sup> that sponsors their research?
- ☐ An Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **CHECKED**, please identify:

- your relationship to the family member
  - Organization<sup>2</sup>
  - their position within the Organization<sup>2</sup>
- 

**Category:**

**Compensated Activities/Uncompensated Activities Not-for-Profit (Self)**

7. In calendar year 2012, did **you** engage in any **academic and/or other professional activities** such as instructing or consulting, whether or not you received any Compensation<sup>4</sup>, for any academic institutions, hospitals or medical centers, other government agencies, professional societies, foundations, or other similar not-for-profit entities?

- ☐ Yes
- ☐ No

If **YES**, please list

- the not-for-profit Organization<sup>2</sup>
  - your role
  - the amount (payment for services, reimbursement of expenses, or value of in-kind benefits), if any, received in calendar year 2012 from each.
- 

**Category:**

**Compensated Activities/Uncompensated Activities For-Profit (Self)**

8. In calendar year 2012, did you engage in any **industry activities** such as instructing, consulting or providing educational programs, whether or not you received any Compensation<sup>5</sup>, for any of the following (check all that apply):

- ☐ A for-profit Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?
- ☐ A for-profit Organization<sup>2</sup> that sponsors your research?
- ☐ A for-profit Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **YES**, please list

- the for-profit Organization<sup>2</sup>
- your role
- the amount (payment for services, reimbursement of expenses, or value of in-kind benefits), if any, received in calendar year 2012 from each.

**Category:**

**Royalty Payments and Inventor Share (Self)**

9. In calendar year 2012, did **you** receive or have the right to receive royalty payments (*other than publication royalties*) or future financial benefits for inventions or discoveries?

☐ Yes

☐ No

If **YES**, please list

- the Organization<sup>2</sup>
- an explanation
- the amount received in calendar year 2012 from each.

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**Participating in Purchasing Decisions (Self)**

10. With respect to any Organizations<sup>2</sup> disclosed in this questionnaire did you participate in or have any influence regarding CCHHS purchases from the Organization<sup>2</sup>?

☐ Yes

☐ No

If **YES**, please list

- the Organization<sup>2</sup>
- provide an explanation of your involvement.

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**Receipt of Gifts**<sup>5</sup>

11. In calendar year 2012, did you or any of your Immediate Family Members<sup>3</sup> give or receive a gift<sup>5</sup> from:

☐ An Organization<sup>2</sup> that does business, or could potentially do business, with CCHHS?

☐ An Organization<sup>2</sup> that sponsors your research?

☐ An Organization<sup>2</sup> that is otherwise involved in the healthcare industry?

If **YES**, please list

- the Organization<sup>2</sup>
- description of the gift for each

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**Research**

12. In calendar year 2012, were you involved in the design, conduct, or reporting of research (e.g., principal investigator, co-investigator, or any other member of a research project) that was sponsored by or otherwise connected to any Organization<sup>2</sup> disclosed in this questionnaire:

☐ Yes

☐ No

If **YES**, please indicate the following:

- sponsor name
- your role
- the exact title of the project,
- Institutional Review Board (IRB), the exact protocol, title and number (if applicable)
- Any additional details that will facilitate assessment of potential conflicts.



### Research - Government

- 13.** In calendar year 2012, if you were involved in the design, conduct, or reporting of research (e.g., principal investigator, co-investigator, or any other member of a research project) sponsored by the U.S. Department of Health & Human Services, the National Science Foundation, the American Heart Association, or the American Cancer Society, **did you appropriately disclose** your significant financial interests related to the research to an institutional review board (IRB)?

- ☐ Yes  
☐ No

If **NO**, please provide an explanation.

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### Research – Conflict Management Plan

- 14.** Are you under a current research conflict management plan?

- ☐ Yes  
☐ No

If **YES**, please indicate the following:

- who placed you on the conflict management plan
  - If you continue to follow the requirements described in the plan
  - If there were changes pertaining to your conflict of interest in calendar year 2012 that required or may require a modification of the plan.
  - If you notified the assigning Organization<sup>2</sup> of such changes.
- 

### Time Commitment

- 15.** In calendar year 2012, in the aggregate, did you spend more than twenty percent (20%) of your professional time engaged in:

- a. Outside professional or commercial activities for which you received Compensation<sup>5</sup>?

- ☐ Yes  
☐ No

If **YES**, please provide an explanation.

- b. Non-compensated, external academic or other professional activities, including service to other governmental agencies, on editorial boards, or for national/regional organizations, etc.?

- ☐ Yes  
☐ No

If **YES**, please provide an explanation.

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### Other Relationships

- 16.** Are you or is your Immediate Family Member<sup>3</sup> an officer or director in any other Organization<sup>2</sup> (which you have not already disclosed above)?

- ☐ Yes  
☐ No

If **YES**, please provide an explanation.

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### Other Activities

- 17.** In calendar year 2012, did you engage in other outside activities, including Personal Relationships<sup>6</sup>, that have not been covered by the above questions that may cause a potential or actual conflict of interest?

- ☐ Yes  
☐ No

If **YES**, please provide an explanation.

## Definitions

CCHHS is Cook County health and Hospitals System. CCHHS includes John H. Stroger, Jr. Hospital of Cook County, Provident Hospital of Cook County, Oak Forest Health Center, Ambulatory and Community Health Network (ACHN), Ruth M. Rothstein Core Center, Cermak Health Services of Cook County in either the Cook County Jail or the Temporary Juvenile Detention Center, or the Cook County Department of Public Health.

<sup>1</sup> Ownership or investment interest includes arrangements where you have (or plan to have) a direct or indirect Ownership or Investment Interest in any organization. An interest comprised solely of publicly traded securities or mutual funds is considered an Ownership or Investment Interest only if such interest is valued at \$5,000 or more.

<sup>2</sup> Organization in this context, the term "Organization" is very broad. It includes any partnership, corporation, limited liability corporation, unincorporated association, or other institution or organization, corporate, industry, or any other entity, whether for-profit or not-for-profit.

<sup>3</sup> Immediate Family Members includes your spouse, domestic partner, and any relative by blood, marriage, or adoption. This would also include anyone living at the same residence or any person of significant influence.

<sup>4</sup> Compensation includes direct and indirect remuneration, in cash or in-kind, as well as personal loans. Examples include (but are not limited to) the following: consulting fees, teaching/speaking fees, expert witness fees, honoraria for sponsored training events and related reimbursement, marketing or promotional support, and monies received for product development activities or participation on advisory committees. "Indirect remuneration" includes situations where Compensation is made through or to another Entity<sup>2</sup> or individual (including through a business investment or an Immediate Family Member<sup>3</sup>). For example, indirect Compensation would include payments from a company that receives payment from another Entity<sup>2</sup> for your professional services.

<sup>5</sup> Gift: Any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to a person's status as a Covered Person.

<sup>6</sup> Personal Relationship is a close personal or business connection with another individual of a potential bias-producing nature, i.e. a relationship that could cause the person to place the interests of that individual above the interests of Cook County Health and Hospitals System.

|  |                              |                             |
|--|------------------------------|-----------------------------|
| Category:<br><b>SYSTEM-WIDE POLICY</b>       |                              |                             |
| Subject:<br><b>ADMINISTRATIVE OPERATIONS</b> | Page<br>1 of 5               | Policy #:<br>00.02.00       |
| Title:<br><b>CONFLICT OF INTEREST (COI)</b>  | Approval Date:<br>07/13/2011 | Posting Date:<br>08/25/2011 |

## PURPOSE

The purpose of this policy is to help ensure that the business and professional activities of the Cook County Health & Hospitals System (CCHHS) are conducted free of actual conflicts of interest, or the appearance of any conflicts of interest, and to protect the interests of CCHHS when it is contemplating entering into a transaction or arrangement.

## AFFECTED AREAS

This policy affects Covered Persons within all CCHHS affiliated operating units including John H. Stroger, Jr. Hospital of Cook County, Provident Hospital of Cook County; Oak Forest Health Center, Ruth M. Rothstein CORE Center; Ambulatory & Community Health Network, Cermak Health Services of Cook County, and Cook County Department of Public Health.

## DEFINITIONS

- A. Conflict of Interest: A conflict of interest may exist when:
  - a. a Covered Person, or his/her Personal Relationships, is doing business with CCHHS or any of its operating units;
  - b. a Covered Person, or his/her Personal Relationships, has an interest in any issue, item, matter or transaction that involves CCHHS or its operating units or that is under consideration by CCHHS or its operating units;
  - c. a Covered Person, or his/her Personal Relationships, is in a position to influence business or other decisions including patient access or care of CCHHS in ways that could lead or appear to lead to the personal gain or advantage of such person, his/her Personal Relationships, or outside entities.
- B. Covered Person: All officers, directors, Board committee members, advisory councils, employees, members of the CCHHS medical staff or house staff, researchers, students and contractor personnel carrying out the business or professional activities of the CCHHS.
- C. Doing Business: Having or negotiating the creation of a contract or agreement, whether verbally or in writing, that involves the commitment of (either in a single transaction or a combination of transactions) \$2,500 or more of CCHHS funds or funds controlled by CCHHS.
- D. Gift: Any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to a person's status as a Covered Person.
- E. Interest: Any legal or equitable economic interest (whether or not subject to an encumbrance or a condition), activity, arrangement, or relationship, which is owned or held, either directly or indirectly, by a Covered Person (or through a Personal Relationship or Person of Influence) with any entity with which CCHHS has or may in the future be doing business. The term "Interest" includes, but is not limited to the following examples,

|                                |                |                      |
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- a. An ownership interest; serving as a member, officer, director, committee member, partner, paid consultant, or employee of the same or a related business, or having a financial interest in the same or a related business;
  - b. Participation in any outside activity that could interfere significantly with the Covered Person's work time obligation;
  - c. Receipt of fees, or other compensation or remuneration from an entity as a result of professional services, consulting, speaking engagements, royalties, patents, copyrights, or other intellectual property rights.
- F. Personal Relationships: Covered Person's spouse, children, parents, siblings, grandchildren, and their spouses; the Covered Person's spouse's parents, siblings, children, grandchildren, and their spouses; and any Person of Influence.
- G. Person of Influence: a person with a close personal or business connection with a Covered Person who would likely influence the decisions of the Covered Person.

## POLICY

Covered Persons shall not be involved in any situation or circumstance that would cause the Covered Person to have a conflict of interest. This prohibition includes the Personal Relationships of the Covered Person.

No Covered Person shall accept any gift from any entity, or an employee, contractor or agent of an entity, with which CCHHS or its operating units is doing business or with which CCHHS has done business within the past three years.

Covered Persons are responsible for addressing conflicts of interest, whether actual or those that have the appearance of a conflict of interest. Covered Persons must comply with the provisions of this policy. The CCHHS Conflicts of Interest Policy covers the following areas:

1. Conflicts of Interest in Day-to-Day Business Operations of CCHHS Affiliates
2. Conflicts of Interest in Patient Care
3. Conflicts of Interest in Research Activities
4. Conflicts of Interest in Educational Activities

All Covered Persons shall preserve and protect the interests and assets of CCHHS. The business and professional activities of CCHHS must be conducted in the best interests of CCHHS, without favoritism or preference based on personal considerations. Accordingly, each Covered Person must avoid situations, which may give rise to a Conflict of Interest or the appearance of a Conflict of Interest.

CCHHS has adopted a Standard of Conduct (Code of Ethical Conduct) that supplements the Cook County Ethics Ordinance. This defines CCHHS' standards for ethical behavior by CCHHS Personnel in carrying out CCHHS operations. Among other things, the Code of Ethical Conduct is designed to protect the integrity of clinical decision-making. Patient care decisions must be based on the health care needs of the patient, independent of compensation, financial arrangement or favor that may benefit the health care provider or CCHHS.

Research activities at CCHHS must be carried out with the utmost integrity. All research activities must be approved in advance by the Institutional Review Board of the Cook County Health and Hospital System and by CCHHS management.

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Educational activities (including professional and public education) at CCHHS must be free from bias and carried out in a manner that serves the educational component of CCHHS' Mission and responsibilities as a public health system, and not the personal interests of any Covered Person.

Duty to Disclose: Covered Persons have a duty to disclose the existence of a possible Conflict of Interest and all material facts relating to the possible Conflict of Interest, as provided in this policy. No Covered Person who has or may have a Conflict of Interest with respect to a transaction or decision shall participate in the transaction or decision unless authorized to participate by Corporate Compliance.

## PROCEDURE

- A. The Conflict of Interest process for CCHHS, including Disclosure Statements and conflict resolution, shall be coordinated by the System Corporate Compliance Office, in consultation with the Office of General Counsel. Questions regarding the Conflict of Interest Policy should be directed to the [Corporate Compliance Office](#).
- B. Required Reporters. The following Covered Persons are required to complete disclosure forms on an annual basis:
  1. Board of Directors members and committee members appointed by the Board
  2. Management and individuals in leadership positions
  3. Supply Chain Management personnel, members of committees charged with selection of products or services to be purchased and anyone in a position to influence purchasing decisions
  4. Any CCHHS personnel who have commitments or relationships with competing organizations
  5. Any CCHHS personnel who have outside employment relationships with businesses that seek to do business with CCHHS
  6. Any CCHHS personnel who previously had a conflict identified.
- C. Disclosure Statement (Conflict of Interest Disclosure Statement): Annually a Covered Person who is a Required Reporter must accurately complete a Disclosure Statement and affirm that they: (i) have received a copy of this Conflict of Interest Policy; (ii) have read and understand this Policy; and (iii) agree to comply with this Policy. Covered Persons will submit the Disclosure of Interests Statement on a timely basis to the CCHHS Corporate Compliance Office.
- D. Duty to Update Disclosure Statement: It will be the continuing duty of each Covered Person who is sent such a Disclosure Statement to advise the Chief Compliance Officer within 10 business days of the occurrence of any event that would have been described in the COI Disclosure Statement had it occurred or been known at the time the COI Disclosure Statement was originally completed.
- E. Addressing a Potential Conflict of Interest:
  1. If the Covered Person who may have a Conflict of Interest is a Board or Board Committee member or a member of executive management, the Covered Person shall report the Conflict to the Chief Compliance Officer. The Chief Compliance Officer, in consultation with the CCHHS Office of General Counsel, will review the facts of the situation and make a recommendation to the Chief Executive Officer (or his/her designee), or in the case of a Board member, the Chairman of the Board (or his/her designee), as to whether a potential Conflict exists.
  2. The CEO (or his/her designee), for those Covered Persons who are subject to his/her supervision,

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shall decide whether the potential conflict of interest that has been disclosed amounts to an actual conflict of interest. If it is determined that an actual conflict of interest exists then the following procedures shall be taken:

a. The CEO (or his/her designee), shall direct that the Covered Person refrain from participating in the transaction or decision.

b. The CEO (or his/her designee), may impose additional safeguards concerning the transaction or decision in order to protect CCHHS' interests. These may include, without limitation, (i) appointing a disinterested person or committee to oversee or review the proposed transaction or arrangement, or (ii) deciding not to pursue the transaction or arrangement.

3. In the case of a Board member, the Chairman of the Board shall allow the Board member to disclose the facts surrounding the potential conflict of interest to the Board of Directors in executive session if he/she so desires. Thereafter, the Board member with the potential conflict shall leave the room while the Board of Directors decides whether an actual conflict of interest exists. If it is determined that an actual conflict of interest exists then the following procedures shall be taken:

a. The Chairman of the Board shall direct that the Board member refrain from participating in the transaction or decision.

b. The Chairman of the Board may impose additional safeguards concerning the transaction or decision in order to protect CCHHS' interests. These may include, without limitation, (i) appointing a disinterested person or committee to oversee or review the proposed transaction or arrangement, or (ii) deciding not to pursue the transaction or arrangement.

F. Complete and accurate records shall be maintained of all investigations and determinations under this Policy.

## POLICY UPDATE SCHEDULE

At least every three (3) years, or more often as appropriate.

## REGULATORY REFERENCES

Cook County Ethics Ordinance; Section 2-578 (*Conflicts of Interest*)

Federal Sentencing Guidelines

Federal Anti-Kickback Statute (Stark)

National Institute of Health Guidance

American Medical Association Guidance

PhRMA Code on Interactions with Healthcare Professionals

OIG Self Disclosure Protocol

Physician Payment Sunshine Act

Fraud Enforcement and Recovery Act of 2009

Joint Commission Standard LD.04.02.01

## POLICY REFERENCES

CCHHS Standards of Conduct (Code of Ethical Conduct)

|                                |                |                      |
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## POLICY LEAD

Cathy Bodnar, MS, RN, CHC  
CCHHS, Chief Compliance Officer

## REVIEWERS

Audit & Compliance Steering Committee  
Office of General Counsel

## APPROVAL PARTIES

Terry Mason, MD  
CCHHS, Interim Chief Executive Officer  
Electronically Approved: July 13, 2011

Audit & Compliance Committee of the Board of Directors  
Approved June 7, 2011

## REVIEW HISTORY

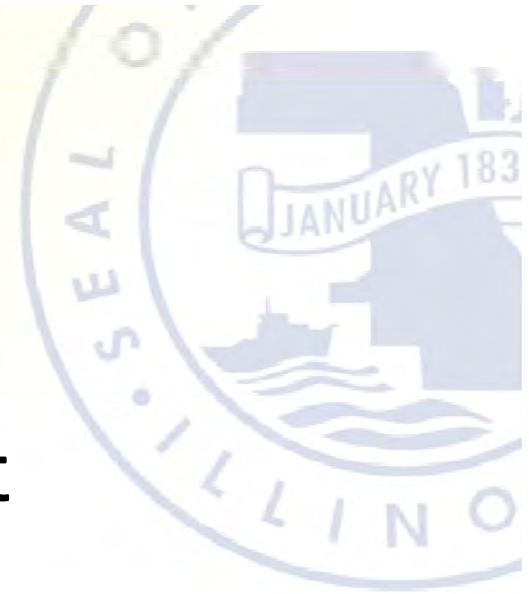
Written: June 6, 2011

Replaces: Oak Forest Hospital COI Policy January 2009

Cook County Health and Hospitals System  
Audit and Compliance Committee Meeting Minutes  
January 23, 2013

ATTACHMENT #2





# **Internal Audit Report**

**January 23, 2013**



## Objective

- Review 2013 Proposed Internal Audit Plan
- McGladrey – Update on Audit of CCHHS 2012 Financial Statements
- Closed Session

## 2013 Proposed Internal Audit Plan

- Pharmacy
- Supply Chain
- Meaningful Use
- County Care
- Clinical Processes/Charge Capture
- Grants
- IT General Controls
- ICD 10 Project
- Special Earnings
- Management Requests



Cook County Health and Hospitals System  
Audit and Compliance Committee Meeting Minutes  
January 23, 2013

ATTACHMENT #3

# Presentation to the Audit and Compliance Committee

McGladrey LLP

January 23, 2013

# Discussion Outline

- Required Communications Letter
- Audit Approach and Plan
- Significant Risk/Focus Areas
- Audit Timetable
- Audit Progress

# Audit Approach and Plan

- Risk-based audit approach
  - Identify fraud and control environment risk factors
  - Focus on areas that contribute to increased risk of material financial statement misstatement
    - Key business cycles and processes
    - Significant judgments and estimates
    - Significant accounting policies
    - Material events and transactions
  - Preliminary risk assessments updated during and at the completion of our audit

# Significant Risk/Focus Areas

- Significant risk areas
  - Net patient service revenue
  - Patient accounts receivable and related contractual and bad debt allowances
  - Third-party reimbursement and related settlement assets and liabilities
- Focus areas where we will be relying on testing performed by the County external audit team
  - Cash and investments
  - Capital assets
  - Self-insurance liabilities
  - Debt
  - Pension liabilities
  - Payroll expenses and liabilities
  - Property, sales and cigarette tax revenues



# Audit Timetable

| Task   | Month   |     |     |     |     |     |
|--|---------|-----|-----|-----|-----|-----|
|  | Oct/Nov | Jan | Feb | Mar | Apr | May |
| <b>Audit planning and risk assessment</b>  |         |     |     |     |     |     |
| Jointly establish engagement goals and objectives  |         |     |     |     |     |     |
| Assess risk, document, and evaluate internal controls  |         |     |     |     |     |     |
| Meet with management to enhance understanding of business, financial, and operating activities |         |     |     |     |     |     |
| Document audit plan and risk assessment  |         |     |     |     |     |     |
| Develop schedule of requested assistance   |         |     |     |     |     |     |
| Present audit plan to Audit and Compliance Committee   |         |     |     |     |     |     |
|  |         |     |     |     |     |     |
| <b>Preliminary audit work</b>  |         |     |     |     |     |     |
| Test internal controls   |         |     |     |     |     |     |
| Document understanding of general computer controls  |         |     |     |     |     |     |
| Perform existence testing of patient accounts receivable                                       |         |     |     |     |     |     |
|  |         |     |     |     |     |     |
| <b>Final audit work</b>  |         |     |     |     |     |     |
| County finalizes accounting records  |         |     |     |     |     |     |
| Test year-end account balances   |         |     |     |     |     |     |
| Perform final substantive analytical review procedures   |         |     |     |     |     |     |
|  |         |     |     |     |     |     |
| <b>Reporting</b>   |         |     |     |     |     |     |
| Review draft financial statements with CCHHS management  |         |     |     |     |     |     |
| Provide preliminary draft financial statements to County                                       |         |     |     |     |     |     |
| Present audit results and draft financial statements to Audit and Compliance Committee         |         |     |     |     |     |     |
| Finalize financial statements and other reporting, including management letter                 |         |     |     |     |     |     |

# Audit Progress to Date

- Status of audit planning and preliminary work
  - Walk-throughs and internal control understanding documentation areas nearing completion:
    - Accounts payable/purchasing
    - Treasury
    - Payroll
    - Capital assets
    - Patient accounts receivable/revenue
- Final fieldwork will begin on February 25
- Key reporting dates
  - Draft financials available for review by management
    - March 29, 2013
  - Preliminary draft financials provided to County
    - April 5, 2013

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January 23, 2013

Audit and Compliance Committee  
Cook County Health and Hospitals System  
1900 West Polk Street  
Chicago, Illinois 60612

Attention: Dr. Luis Munoz, Chairman

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Cook County Health and Hospitals System's (CCHHS) financial statements as of and for the year ended November 30, 2012.

### **Communication**

Effective two-way communication between our Firm and the Audit and Compliance Committee is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding CCHHS and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, instances of noncompliance with laws and regulations that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We will also communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

### **Independence**

Our independence policies and procedures are designed to provide reasonable assurance that our Firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, partners and professional employees of McGladrey LLP are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by McGladrey LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

### **The Audit Planning Process**

Our audit approach places a strong emphasis on obtaining an understanding of how your business functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your business. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of your business objectives, strategies, risks, and performance.

As part of obtaining an understanding of your business and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error.

We will also use our understanding of internal controls to identify risks of material noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material noncompliance with laws, regulations, and provisions of agreements that have a material effect on the financial statements. We will conduct formal discussions among engagement team members to consider how and where your financial statements and compliance with applicable requirements might be susceptible to material noncompliance due to fraud, error, or abuse.

### **The Concept of Materiality in Planning and Executing the Audit**

We apply the concept of materiality both in planning and performing the audit, evaluating the effect of identified misstatements on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, and in forming the opinion in our report. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results. We will also accumulate information concerning noncompliance during the audit and communicate information concerning noncompliance in accordance with applicable provisions of Government Auditing Standards issued by the Comptroller General of the United States.

### **Our Approach to Internal Control Relevant to the Audit**

Our audit of the financial statements will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of CCHHS's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue a report on internal control related to the financial statements. This report describes the scope of testing of internal control and the results of our tests of internal controls. Our report on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the Government Auditing Standards issued by the Comptroller General of the United States.

#### **Using the Work of Internal Auditors**

As part of our understanding of your business and its environment, we will obtain and document an understanding of your internal audit function. We will read relevant internal audit reports issued during the year to determine whether such reports indicate a source of potential error or fraud that would require a response when designing our audit procedures. Because internal auditors are employees, they are not independent and their work can never be substituted for the work of the external auditor. We may, however, alter the nature, timing, and extent of our audit procedures based upon the results of the internal auditor's work or use them to provide direct assistance to us during the performance of our audit.

#### **Timing of the Audit**

We have scheduled preliminary audit field work for February 2013 with final field work commencing the week of February 25, 2013. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

#### **Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Cook County Health and Hospitals System.

This communication is intended solely for the information and use of the Audit and Compliance Committee and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

A handwritten signature in black ink that reads "Patrick J. Kitchen". The signature is written in a cursive, flowing style.

Patrick J. Kitchen  
Partner